

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

April 13, 2022

1:30 p.m.

DRAFT

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Peter Micciche
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Joshua Revak, Vice Chair
Senator Gary Stevens

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Alaska Worker's Compensation Board
Matthew Barth - Anchorage

- SCHEDULED BUT NOT HEARD

Real Estate Commission
Chad Stigen - Palmer

HEARD AND HELD

Board of Dental Examiners
Dominic Wenzell - Girdwood

- HEARD AND HELD

Board of Certified Real Estate Appraisers
Valery Kudryn - Wasilla

- HEARD AND HELD

Board of Certified Direct-Entry Midwives
Hannah St. George - Fairbanks

- SCHEDULED BUT NOT HEARD

Board of Architects, Engineers, and Land Surveyors
Sterling Strait - Anchorage

- HEARD AND HELD

PRESENTATION ON CHILD CARE IN ALASKA

- HEARD

SENATE BILL NO. 160

"An Act providing a premium tax credit for flood insurance; relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date."

- BILL HEARING CANCELED

SENATE BILL NO. 232

"An Act providing a premium tax credit for flood insurance; relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date."

- BILL HEARING CANCELED

SENATE CONCURRENT RESOLUTION NO. 10

"An Act providing a premium tax credit for flood insurance; relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CHAD STIGEN, Appointee

Real Estate Commission

Department of Commerce, Community and Economic Development

Palmer, Alaska

POSITION STATEMENT: Testified as an appointee to the Real Estate Commission.

VALERY KUDRYN, Appointee

Board of Certified Real Estate Appraisers
Department of Commerce, Community and Economic Development
Wasilla, Alaska

POSITION STATEMENT: Testified as an appointee to the Board of Certified Real Estate Appraisers.

STERLING STRAIT, Appointee
Board of Architects, Engineers, and Land Surveyors
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified as an appointee to the Board of Architects, Engineers, and Land Surveyors.

DOMINIC WENZELL, Appointee
Board of Dental Examiners
Department of Commerce, Community and Economic Development
Girdwood, Alaska

POSITION STATEMENT: Testified as an appointee to the Board of Dental Examiners.

BLUE SHIBLER, Executive Director
Southeast Alaska Association for the Education of Young Children
Juneau, Alaska

POSITION STATEMENT: Delivered a presentation on child care in Alaska.

STEPHANIE BERGLUND, CEO
thread
Anchorage, Alaska

POSITION STATEMENT: Discussed the current situation of child care in Alaska.

ACTION NARRATIVE

[1:30:45 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gray-Jackson, Micciche, and Chair Costello.

CONFIRMATION HEARING(s)
Real Estate Commission
Board of Dental Examiners
Board of Certified Real Estate Appraisers
Board of Architects, Engineers, and Land Surveyors

[1:32:01 PM](#)

CHAIR COSTELLO announced the consideration of Governor Appointees to Boards and Commissions. She asked the appointees to identify the board and seat to which they were appointed, whether this was a new or reappointment, their professional background, and their interest in serving on the particular board.

CHAIR COSTELLO asked Chad Stigen to offer his testimony.

[1:33:04 PM](#)

CHAD STIGEN, Appointee, Real Estate Commission, Department of Commerce, Community and Economic Development (DCCED), Palmer, Alaska, stated that he was appointed to the broker at large seat, he had been licensed since 2014 and became a broker in 2018. He was asked to serve on the commission and has a specific interest in protecting consumers who are buying and selling smart homes. He offered his belief that Alaska ought to create a standard procedure for handing over smart homes to ensure that licensees have the necessary guidance to protect consumers' privacy. He noted that other states had done this. He said his broad and well-rounded experience in different aspects of real estate should be helpful to the board.

CHAIR COSTELLO asked him to provide more detail on the challenges associated with handing over a smart home.

MR. STIGEN said he didn't believe this was an issue in Alaska yet, but he has learned that there is a proper way to ensure that once the real estate transaction is complete, the previous owner no longer has access to any of the smart devices in the home. The licensees also need guidance to ensure that they are protected from the liability associated with the improper transfer of smart devices found in homes. He said he didn't know what the commission could do about the growing issue of people being recorded when they're viewing smart homes, but he feels that some sort of disclosure would be in order.

CHAIR COSTELLO thanked Mr. Stigen and advised that all the names would be forwarded in one batch.

[1:38:12 PM](#)

CHAIR COSTELLO asked Valery Kudryn to introduce himself.

[1:38:24 PM](#)

VALERY KUDRYN, Appointee, Board of Certified Real Estate Appraisers, Department of Commerce, Community and Economic Development (DCCED), Wasilla, Alaska, stated that he became a

certified residential appraiser in 2010 and this would be his first reappointment. His primary goal in serving is to strengthen the public trust in appraising by updating the certification process and ensuring common sense regulations are in place. He said the board has been working to modernize the education requirements to reflect the trend toward online instruction. Alaskans particularly need this flexibility because qualifying education credits are not available in the state. He opined that his experience as a residential appraiser provides an opportunity for him to relay the perspective of local Alaskans to the board. He has enjoyed serving on the board and looks forward to another term, should he be approved.

CHAIR COSTELLO asked if it had been an issue that just four members were serving on this five-member board.

MR. KUDRYN replied the general real estate appraiser seat has been vacant, but it has not been an issue for the board to meet the quorum requirement and move forward on agenda items.

1:41:23 PM

SENATOR MICCICHE noted that the administration was having trouble finding qualified people to serve on the various boards and commissions. He said he'd like some feedback to understand what might make this type of service more attractive.

MR. KUDRYN said he hadn't thought about that but in his case, a former boss suggested this service might be a good opportunity. He was asked to serve and agreed to do so as a way to give back in general and to the appraisal industry specifically. His only experience with board meetings was through Zoom, and he wasn't sure how he'd feel if he had to devote a lot of travel time to attend meetings. He said the appraisal industry had been very busy during the pandemic and the work schedule had been taxing. That might be part of the problem with the vacancy on this board, but he wasn't sure about how other boards were affected.

CHAIR COSTELLO thanked Mr. Kudryn for appearing and being willing to serve.

1:44:45 PM

CHAIR COSTELLO asked Sterling Strait to introduce himself and share his interest in serving on the Board of Architects, Engineers, and Land Surveyors.

1:45:01 PM

STERLING STRAIT, Appointee, Board of Architects, Engineers, and Land Surveyors, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, stated that he is a structural engineer who has worked in the engineering field for nearly 15 years. He was appointed on 03/01/2022 to fill the civil engineer seat. His interest in serving on this board stems from being raised to give back, so he has always looked for ways to give back to his community through his profession. He hopes to help guide the future of engineering in Alaska and help future engineers learn about the licensing process. He looks forward to serving.

CHAIR COSTELLO said her personal passion is to "grow our own" engineers in Alaska. She asked if he was an employee of Alyeska Pipeline Service Company.

MR. STRAIT answered that's correct.

CHAIR COSTELLO asked what he sees as the main challenges facing architects, engineers, and land surveyors.

MR. STRAIT replied that as it becomes more difficult to obtain a license in these fields, he worries that it may eventually affect the supply of engineers and other licensed professionals. Another concern is that as the world becomes more connected, there is an increased likelihood that engineering for Alaska projects may be done outside the state and perhaps in other countries.

Responding to Senator Micciche's question about how to encourage people to serve on boards and commissions, he said that from the board's standpoint the application process is an impediment. The board hears from people who have applied to serve but they never hear from the administration.

CHAIR COSTELLO thanked him for being willing to serve and for sharing that perspective so the legislature can do what it can to keep the lines of communication open.

SENATOR MICCICHE said he had heard that too and he would support providing additional help to the department and for this committee to hold discussions about improving the process.

CHAIR COSTELLO explained that the process is run through the governor's office and she would be willing to talk to the Third Floor to look for a path forward.

1:52:07 PM

SENATOR MICCICHE commented on the destabilizing effect when single term governors politicize membership on boards and commissions.

CHAIR COSTELLO thanked Mr. Strait for being willing to serve.

1:53:23 PM

CHAIR COSTELLO asked Dominic Wenzell to tell the committee about his interest in serving on the Board of Dental Examiners.

1:53:36 PM

DOMINIC WENZELL, Appointee, Board of Dental Examiners, Department of Commerce, Community and Economic Development (DCCED), Girdwood, Alaska, stated that he applied for reappointment to the Board of Dental Examiners. He recounted that he graduated in 2003 from Oregon Health Sciences University with a doctorate and moved to Alaska shortly thereafter to work in a children's clinic in Kenai. He referenced the comment about politicizing membership on boards and commissions and relayed his experience with the Alaska Dental Society working to resolve issues before they become an official complaint. He said he is a proponent of patient protection through self-regulation of the dental profession. As such, he is in the final stage of developing a penalty matrix that investigators can rely on when dentists have to go before the board. He noted that he is also a dental licensing examiner for CDCA and ADEX. He offered to answer any questions.

1:56:55 PM

CHAIR COSTELLO asked what he sees as the main challenges facing the board.

MR WENZELL said the investigation process takes too long. When a complaint is forwarded for investigation, the board hears nothing until the matter is resolved, and that can take a year. Meanwhile, the dentist is still practicing. This is a problem if the complaint was related to patient care and the dentist's skill level. He said his preference would be for the investigation to be done more quickly so the dentist gets help in the area that is needed and patients are protected.

CHAIR COSTELLO responded that she takes this seriously and her plan is for her office to follow up to ensure that the department conducts its investigations timely so that complaints are resolved more quickly. She highlighted that boards are self-

regulating and the licensee fees pay for any investigations so it can be significant for a profession to have a bad actor.

MR WENZELL said he agreed completely.

CHAIR COSTELLO thanked Mr. Wenzell for being willing to serve and taking time to appear before the committee.

[2:00:52 PM](#)

At ease

[2:03:07 PM](#)

CHAIR COSTELLO reconvened the meeting, and opened public testimony on the governor appointees to boards and commissions that the committee heard from today. Finding none, she closed public testimony on the foregoing appointees.

PRESENTATION(S): Child Care in Alaska

[2:03:59 PM](#)

CHAIR COSTELLO announced the next order of business was to hear presentations from Blue Shibler and Stephanie Berglund on the status of child care in Alaska. She conveyed that the committee heard from a variety of professionals in the field about the challenges of finding people willing to work in child care, the lack of availability, and the high cost for parents.

[2:05:08 PM](#)

BLUE SHIBLER, Executive Director, Southeast Alaska Association for the Education of Young Children (AEYC-Sea), Juneau, Alaska, stated that she had worked in the child care field for 20 years, the last 10 years of which she owned and operated the Discovery Preschool adjacent to the Capitol Building. She said she wanted to talk about her experience working in multiple roles. Her first job was with the Juneau Montessori School and she was dismayed to learn that she couldn't live on the wage she was earning for this very important work in human development. She said it's unfortunate, but that dichotomy still exists.

[2:06:28 PM](#)

MS. SHIBLER mentioned the current workforce shortage across all fields and posited that the lack of affordable child care for working families was a large part of the problem. She cited a recent study published by the Department of Labor and Workforce Development (DOLWD) that found that in March 2022, 12.9 percent of Alaskans with children under age 5 had to work fewer hours that month due to issues associated with child care, and five

percent of those families had to quit a job because they couldn't find affordable child care.

MS. SHIBLER highlighted that when she operated the Discovery Preschool, she found it disheartening to learn that the custodians the state paid to clean the center earned several dollars more per hour than her highest paid lead teacher. Those custodians also enjoyed state benefits that she was unable to offer to her employees. She said she believes that it's the low wages that explain the market failure of child care as a business, not just in Alaska but across the nation. She noted that the DOLWD study she previously mentioned also found that nearly one-fifth of Alaska's child care facilities have closed since March 2020, due in part to the lack of workers.

MS. SHIBLER said the child care industry is at an impasse. Families are unable to pay higher tuition and the tuition, which is the sole source of revenue for most providers, is insufficient for providers to pay wages that will attract and retain quality teachers.

2:09:29 PM

MS. SHIBLER said child care is an integral pillar of a robust economy and the long-term success of Alaska's children. It therefore needs to be a top priority for the state to build a stable early-learning system that ensures every parent can find affordable and quality child care. She said the Alaska Reads Act is an important step towards that priority, but it's now time to recognize the critical role that child care plays in the economy.

CHAIR COSTELLO requested her remarks in writing if they were available. She then asked for her perspective of what families pay per month per child.

MS. SHIBLER said it varies throughout the state but on average it's about \$1,000 per month per child. She added that there is research that shows that the difference between what parents can afford to pay and what it actually costs to provide child care is close to \$500 per month.

CHAIR COSTELLO asked what a child care worker in Alaska typically earns per month.

MS. SHIBLER answered that the starting wage is a little more than \$10 per hour.

CHAIR COSTELLO asked if the workers she hired at Discovery Preschool worked for eight hours per day.

MS. SHIBLER explained that the employees work eight hours, but the center is open for 10 hours so there has to be more staff than one might realize. She shared that personnel costs often were up to 60 percent of expenses.

2:13:18 PM

SENATOR GRAY-JACKSON asked if child care workers receive any benefits, health care in particular.

MS. SHIBLER said benefits are very rare and when they are provided the program is generally employer sponsored so the child care worker becomes an employee of that business. She cited Credit Union 1 and Providence Hospital as examples.

SENATOR MICCICHE commented that the wage may be survivable in a two parent home, but it's less feasible for a single parent with a couple of children to pay \$24,000 per year for child care. He said he hadn't thought about that impact on the workforce but it's real.

2:14:50 PM

MS. SHIBLER agreed and added that it's a worst case scenario when parents have to choose child care based on what they can afford as opposed to what is the best fit for their family.

SENATOR MICCICHE calculated that parents need full time care for infants until age 5 at which time afterschool care is needed. He asked if the \$1,000 per month per child estimate is for fulltime care.

MS. SHIBLER answered yes.

SENATOR MICCICHE asked for the cost of care for school age children.

MS. SHIBLER said that in Juneau it's about \$800 per person per month for before- and after-school care.

SENATOR MICCICHE asked if age 12-14 typically was the cutoff for before- and after-school care.

MS. SHIBLER said she believes that many parents allow their 10-12 year old children to go home by themselves after school. She

noted that the Rally program manager in Juneau said that very few fifth graders attend Rally.

2:17:29 PM

SENATOR MICCICHE asked if there had been a study on what a family spends on child care over the life of a child. He said he was trying to figure out what it will take to attract and retain child care workers, although it's clear that the cost of child care is already too expensive for families that are just starting out.

MS. SHIBLER stated that a number of studies show that Alaskan families spend between 12 and 20 percent of their income for child care, whereas the national recommendation is that child care should cost no more than six or seven percent of income. Responding to the question about the sweet spot to retain child care providers, she said other states have made a public investment into the system and child care providers move up a career ladder and pay scale based on education and experience. She highlighted that Alaska has the foundation of those programs. The City of Juneau has such a program that is administered by AEYC, and thread has the foundational support to start something similar statewide. That program manages a career ladder in which child care professionals can participate. She suggested the members ask the next presenter about that program.

SENATOR MICCICHE asked how pre-K fits into the equation, when and where it's available.

MS. SHIBLER answered that the public pre-K programs in Juneau use child care to provide wraparound service. The children are in child care before and after they go to the pre-K program. It's part of what is referred to as a mixed delivery system of early learning.

2:21:44 PM

CHAIR COSTELLO asked how COVID-19 affected the child care workforce since many parents were able to work from home and their children stayed home too.

MS. SHIBLER answered that in Juneau there has been a decline in child care enrollment of children ages 3-5, but working from home and having your children there too probably isn't best practice for either and overall won't affect the need for child care.

CHAIR COSTELLO asked what her experience was with waitlists for child care.

MS. SHIBLER replied every program in Juneau has a waitlist, primarily for infants and toddlers. During the time that she operated Discovery Preschool, which was up to the fall of 2020, she had an average of 100 families on the waitlist at all times. She acknowledged that the waitlists in Juneau probably weren't that large currently, but close.

CHAIR COSTELLO asked if the Department of Labor and Workforce Development (DOLWD) keeps information on waitlists.

MS. SHIBLER answered that she didn't believe waitlists were tracked, but child care licensing tracks license capacity.

CHAIR COSTELLO thanked her for the information and taking the time to inform the committee.

CHAIR COSTELLO asked Stephanie Berglund to provide her testimony and to feel free to respond to any questions she'd heard today.

2:25:08 PM

STEPHANIE BERGLUND, CEO, thread, Anchorage, Alaska, stated that thread is a 35-year-old nonprofit child care resource and referral organization that works statewide to increase access to affordable and quality early care and education, with a specific focus on child care. She said thread strongly supports expanding pre-K as a way to increase access to affordable quality child care in Alaska.

MS. BERGLUND relayed that she recently read an article about the federal infrastructure bill and the funding that is expected for projects in Alaska that mentioned the concern about developing a workforce to tackle the projects. She said her thought was that the people working on these projects would not be able to find child care. Child care is a critical infrastructure that allows all other work to happen, but the system is underfunded and in need of public investment. Investing public funds to support this sector is needed to support Alaskans returning to work post pandemic and to grow a stronger Alaska. She stressed the importance of treating child care as a vital part of the economy. Prior to the pandemic, child care was in crisis and access was out of reach for many families. This has been exacerbated over the last two years. She said bold policies are needed to support working families and child care programs. This

means investing in this critical infrastructure now and for years to come.

[2:27:36 PM](#)

MS. BERGLUND stated that the three pillars needed for a strong child care sector are access, affordability, and quality. She described access as the supply of child care needed to support families with the care they need, and highlighted that the pre-COVID-19 2020 Early Learning Economic Impact Report said that access to child care was getting more difficult across Alaska. She said thread is monitoring the demand for child care and how the changes in how people work affect supply needs. It was a short term solution early in the pandemic when people switched to working from home and were able to bring their children home too, but it was not sustainable. Now thread's referral service is hearing from families that cannot find the care they need and big businesses that are saying that their workforce is unable to access care. In just the last six months thread is hearing more from families that are unable to work, largely because of a lack child care. This leads to slower economic growth, which affects everyone, whether they have children or not.

[2:29:53 PM](#)

MS. BERGLUND stated that the State Chamber partnered with thread this past fall to conduct a U.S. Chamber of Commerce Foundation family survey to understand the intersection of business and child care during the pandemic. Some of the highlights were that more than 75 percent of the parents that were surveyed reported missing work due to child care issues; 36 percent of families were postponing higher education and training due to a lack of child care; seven percent had left their job due to child care issues; and that the Alaska economy had an untapped potential due to the inability to meet families' child care needs. This translated to an annual economic loss of \$165 million.

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MS. BERGLUND reported that in 2019 families were paying 17 percent of their household income for child care, although some single parents were paying over 34 percent of their household income. For families with two children their average child care expense exceeded the cost of housing. In 2020 the average annual cost for child care was \$12,000 for infants and \$9,000 for preschoolers. In Alaska, this is more than the cost of college tuition. During the pandemic families left employment or worked reduced hours, which made child care even less affordable.

[2:32:10 PM](#)

MS. BERGLUND directed attention to the video she submitted that talks about a family with three children that paid \$36,000 annually for child care. The current system isn't working because the cost is too high for parents and child care businesses are barely making ends meet when they rely on family tuition alone. This is why more public and private investment is needed. Most child care programs in the state are open but because of a workforce shortage they are not able to operate at full capacity. These positions are particularly difficult to fill because the competition for workers is high, child care professionals generally earn less than \$25,000 a year, and these jobs generally have no benefits. To help address this crisis situation, thread is working through the System for Early Education and Development (SEED) and using COVID relief funds to offer a wage stipend. It is noteworthy that early educators report spending the stipend on health care and mental health benefits.

MS. BERGLUND said another difficulty is that there is a lack of respect for child care professionals. They are often called babysitters when they are actually responsible for preparing the youngest Alaskans for school and beyond. The human brain develops 90 percent by age five, so it is in this critical time that child care professionals are building key foundations of development, including early literacy and social and emotional development. This important workforce needs respect and the compensation it deserves.

MS. BERGLUND said the number one indicator of quality in child care is the teacher, and today they are exhausted and poorly paid. The stress this causes results in high turnover, poor continuity, and lower quality of care for young children. Quality child care is licensed and regulated, it supports stronger families, and has demonstrated short and long term benefits for young children. This includes stronger language development, higher high school graduation rates, and increased long term health. Children who receive a strong start save money in the short and long term on many of the social challenges that the state is facing today. Unfortunately, many of the poorest families cannot afford access to child care, despite studies that show that those most in need benefit the most. She said even fewer families have access to high quality child care. Those programs that participate in Learn and Grow are Alaska's Quality Recognition and Improvement System (QRIS). Currently, 35 percent of eligible programs are participating in Learn and Grow and with more public investment, it would be possible to increase the number of programs participating and would result

in stronger child outcomes. When programs follow high-quality standards, the result is education that is more developmentally appropriate, stronger child care workforce support, increased family engagement, and curriculum led instruction tailored to meet the individual cognitive, social, and emotional needs of all children.

MS. BERGLUND stressed the need for different ways to support and solve the child care needs in Alaska. She said the federal COVID relief earmarked to support child care is short term and Thread believes it will be insufficient to stabilize the child care sector in Alaska. Thread estimates that child care needs \$10 million per month to survive post-COVID. She noted that in December, 51 percent of child care programs reported they might close in the next 6-12 months.

She said access to affordable and quality child care pre-COVID was a struggle and the focus now should be to strengthen child care so that is thriving, sustaining, and more equitable. Thread sees great potential from public investment to strengthen and support child care that will benefit all Alaska.

MS. BERGLUND stated that Thread has endorsed HB 149, which supports creation of a child care trust fund. This would help to address many of the current challenges and create the first step in needed new public investment in child care. She said the time to act is now to set a stronger trajectory of success by invest upstream in early childhood and child care. It will be a win for government, businesses, families and young children.

CHAIR COSTELLO thanked Ms. Berglund and said she would make sure the members received a copy of the video.

[2:39:11 PM](#)

SENATOR MICCICHE mentioned his interest in the child care trust fund bill. He asked if there was any data on the difference in the educational outcomes between children who stay home with a parent versus children who go to daycare because both parents are working.

MS. BERGLUND replied there isn't a lot of Alaska-specific data but she would provide some of the many national studies that demonstrate that children who have access to high quality child care experiences and early learning opportunities are more prepared for school and do well throughout their lifetime. In Alaska, just one in six children have access to child care and according to the Department of Education and Early Development

(DEED) benchmarks, only 31 percent of children are considered prepared to enter school. She added that thread strongly believes that a parent is a child's first and most important teacher, so it's about getting support at home and in the community to ensure that children are prepared to enter school.

[2:42:42 PM](#)

SENATOR MICCICHE said he looked forward to receiving the data.

CHAIR COSTELLO asked Ms. Berglund to talk about the importance of flexible working hours for parents. She noted that the U.S. Chamber of Commerce survey showed that parents ranked state governments that had flexible work hours as number two in importance.

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MS. BERGLUND said the report emphasizes that the best thing employers and businesses can do is to be as flexible and provide as many family-friendly benefits as possible. She acknowledged that it's not feasible in all work situations.

CHAIR COSTELLO thanked her for taking time to share the information with the committee.

[2:45:30 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:45 p.m.